

Message Text

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PAGE 01 STATE 104281
ORIGIN EB-07

INFO OCT-01 ARA-06 ISO-00 FMC-01 COME-00 DOTE-00 L-03
SP-02 CIAE-00 INR-07 NSAE-00 IGA-02 /029 R

DRAFTED BY MARAD:RBOURDON:BST
APPROVED BY EB/TCA/MA:RKBANK
ARA/ECP:DTAHER
ARA/AND:TSONANDRES
FMC:RBOURGOIN
-----071332Z 073809 /41
R 070020Z MAY 77
FM SECSTATE WASHDC
TO AMEMBASSY CARACAS
INFO AMCONSUL RIO DE JANEIRO

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E.O. 11652: N/A

TAGS: EWWT, VE

SUBJECT:PRUDENTIAL LASH SERVICE TO VENEZUELA

1. BECAUSE OF THE STEADFAST RESISTANCE ON PART OF VENEZUELAN SHIPPING AUTHORITIES, PRUDENTIAL LINES HAS BEEN UNABLE TO INTRODUCE LASH SHIPPING SERVICES IN ITS U.S. ATLANTIC COAST/VENEZUELA OPERATION. THIS RESISTANCE WHEN COMBINED WITH THE DEVELOPMENT OF CHRONIC PORT CONGESTION IN VENEZUELAN PORTS HAS ADVERSELY AFFECTED PRUDENTIAL'S FINANCIAL POSITION AND PLACED CONTINUATION OF ITS SERVICES TO VENEZUELA IN JEOPARDY. CONTINUATION OF THIS PRECARIOUS SITUATION ALSO IMPACTS UPON USG, SPECIFICALLY MARAD, WHICH HAS INVESTED MILLIONS OF DOLLARS INTO THE LASH DEVELOPMENTAL PROGRAM AND SIGNED SUBSIDY CONTRACT WITH PRUDENTIAL WHICH DESIGNATED LASH FOR VENEZUELAN SERVICE.

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PAGE 02 STATE 104281

2. APPROPRIATE EMBOFF IS REQUESTED TO CONTACT VENEZUELAN MARITIME AUTHORITY (ADMIRAL BAUDET) AND OTHER APPROPRIATE CHANNELS AND TO URGE RESOLUTION OF THIS MATTER. THE FOLLOWING ARGUMENTS SHOULD BE MADE:

I. IF VENEZUELA PERMITTED THE INTRODUCTION OF LASH BY

PRUDENTIAL, A VERY HELPFUL STEP WOULD BE TAKEN TO ALLEVIATE THE PORT CONGESTION PROBLEM WHICH EXISTS IN PUERTO CABELLO.

II. USE OF LASH WOULD HELP STABILIZE THE TRADE BY ALLOWING PRUDENTIAL TO CARRY THE SHARE OF CARGO IT IS ENTITLED TO UNDER TERMS OF THE POOLING AGREEMENT. PRUDENTIAL WAS AN UNDERCARRIER IN 1976 AND CONTINUES TO BE IN 1977.

III. SUBSTANTIAL U.S. GOVERNMENT FINANCIAL INVESTMENT IN LASH MAKES THE USG EXTREMELY CONCERNED IN THE MATTER.

IV. ALL INDICATIONS CONFIRM THAT VENEZUELAN LABOR INTERESTS FAVOR THE INTRODUCTION OF LASH BY PRUDENTIAL.

V. THE INTRODUCTION OF LASH WOULD NOT REDUCE VENEZUELA'S SHARE OF CARGO NOR IMPACT UPON THEIR UTILIZATION OF THE NEW BREAK BULK VESSELS IT HAS PURCHASED. VENEZUELA'S SHARE OF CARGO IS PROTECTED BY A POOLING AGREEMENT AND PRUDENTIAL IS PREPARED TO GUARANTEE CONTINUATION OF THE POOL.

VI. CONSIDERABLE SAVINGS IN FUEL AND FUEL COST COULD BE REALIZED BY USING ONE LASH INSTEAD OF THE THREE VESSELS NOW SERVING THE TRADE. (23,000 BARRELS PER YEAR.)

VII. USG COULD SAVE SUBSTANTIAL SUMS IN SUBSIDY PAYMENT IF EXISTING THREE VESSELS ARE RETIRED FROM TRADE AND LIMITED OFFICIAL USE

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PAGE 03 STATE 104281

REPLACED BY ONE LASH (DOLLARS 2.9 MILLION).

VIII. EXISTING SUBSIDY CONTRACT WITH PRUDENTIAL DESIGNATED A LASH VESSEL FOR VENEZUELAN SERVICE.

3. RECENT MEETINGS (MAY 3-5) HELD BETWEEN PRUDENTIAL OFFICIALS AND CAVN (BAUDET) HAVE PRODUCED VENEZUELAN CREATION OF CAVN PROJECT MANAGER TO EXAMINE MECHANISM FOR IMPLEMENTING A LASH SERVICE BY PRUDENTIAL--WITHOUT DISTURBING CAVN'S COMPETITIVE POSITION. (POST WILL BE GIVEN TO LUIS LUGO.) EMBOFF SHOULD INFORM ADMIRAL BAUDET AND APPROPRIATE AUTHORITIES THAT ASSISTANT SECRETARY OF COMMERCE BLACKWELL (MARAD) AS WELL AS DEPARTMENT OF STATE OFFICIALS VIEW THIS STEP AS PRODUCTIVE AND HOPE SWIFT ACTION BY NEW PROJECT MANAGER WILL LEAD TO EARLY RESOLUTION OF THE ISSUE, AND THAT MARAD AND DEPARTMENT OF STATE WILL BE MONITORING PROGRESS OF CAVN-PRUDENTIAL TALKS. CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Control Number: n/a
Copy: SINGLE
Sent Date: 07-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 22 May 2009
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Disposition History: n/a
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